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Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

ATTN: Chairman Hundt

RE: Reclassification of Private Carrier SMR to "Commercial Mobile Service"

Dear Chairman Hundt:

This letter is to provide you Teton Communication's comments and recommendations regarding Congress' mandate allowing the FCC discretion in reclassifying a mobile service, particularly SMR, as commercial mobile (CMS). We strongly recommend that the FCC continue to allow "traditional" SMR's to operate as private carriers, and that you affirm the Congressional intent to have a three year transition period for conversion of any private system to CMS, respective of the systems which are included.

Teton Communications is an SMR operator offering traditional, not wide-area digital service. Traditional operators such as ourselves adopted SMR as a direct outgrowth of our principal land mobile dispatch service. We offer both dispatch and interconnect service on our SMR; however our interconnection service is not, and should not, be construed as comparable to cellular service. As such, we believe that labeling small businesses such as Teton, as CMS will seriously and adversely affect our business. The regulations, and significant reporting overhead which may be appropriate for AT&T and the wireless carriers would greatly diminish our ability to compete in our small niche markets with typically much larger competitors in cellular. We believe classification as a CMS will destroy any opportunity for business growth as an SMR, and quite possibly jeopardize our ability to maintain our current operations. We base this opinion on the following facts;

- 1) In Idaho, cellular operators and extremely large public or private carriers maintain a 300% price advantage in the per minute cost of intra-lata toll rates from US West.
- 2) Cellular operators in Idaho, and nationally sell mobile and portable equipment in the \$99 - \$299 range. Our dealer cost of SMR equipment averages \$900.
- 3) Because of higher equipment and exchange pricing, we serve customers interested in high value, low cost dispatch and interconnect service. We are only able to offer competitive pricing today because of low overhead and lean organization.

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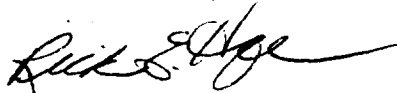
We recognize that some SMR's proposing to convert to high capacity, wide-area systems should and will be classified as CMS. However, these operator's funding, marketing and business strategy is geared toward genuine competition with PCS and cellular. Even then, Congress has already decided that time will be needed if these new systems are expected to become truly competitive. A transition period is needed, during which different types of regulations will be appropriate for different degrees of competitive development.

Teton Communications and the SMR industry as a whole, supported the communications framework of the Omnibus Reconciliation Bill on the belief that traditional SMR's would continue to be considered private carriers. You should understand that we, and other SMR's built our systems on this premise. To have our classification changed in respect to "levelling the playing field" means that large operators will compete, and small businesses in this market will fold. Traditional SMR's have been the competitive price leaders in many markets, damaging this part of industry will inflate consumer pricing to current cellular ranges.

Teton Communications petitions you not to permit the traditional SMR business to be damaged with the unnecessary burden of commercial carrier regulations. Beyond SMR, the Congressionally mandated three year transition is still needed to promote the competitive environment to which the FCC is committed. NABER does not represent traditional SMR's, or Teton's opinion relative to reclassification.

We strongly believe that if you undertake an accurate review of the current level of competition between the SMR industry and cellular, and the limited ability of the traditional SMR to provide a service functionally equivalent to cellular, that the FCC will establish traditional SMR's should remain private carriers. It is incorrect to classify Teton Communications and a large operator such as Nextel as CMS when no similarities exist relative to the technology employed, market presence, or original basis for system construction.

Sincerely,



R.E. Hafla
Vice President